



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
HICKMAN COUNTY SHERIFF**

Calendar Year 2001

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Greg Pruitt, Hickman County Judge/Executive
Honorable J.W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

The enclosed report prepared by Kapp & Company, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Hickman County, Kentucky, for the year ended December 31, 2001.

We engaged Kapp & Company, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kapp & Company, PLLC, evaluated the Hickman County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

**KAPP & COMPANY, PLLC
AUDIT EXAMINATION OF THE
HICKMAN COUNTY SHERIFF**

Calendar Year 2001

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE HICKMAN COUNTY SHERIFF

Calendar Year 2001

Kapp & Company, PLLC has completed the Hickman County Sheriff's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff did not have any excess fees as of December 31, 2001. Revenues increased by \$44,869 from the prior year and disbursements increased by \$40,422.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

Grants:

The Sheriff receives Courthouse Security Salaries from the Commonwealth of Kentucky to provide for security officers' salaries at the new Annex Building. These funds are restricted and are unavailable for excess fees. During the current year, the sheriff received \$45,120 and expended \$41,941, leaving a balance of \$655 in cash and \$7,829 in receivables as of December 31, 2001.

The Sheriff participates in the Kentucky Law Enforcement Foundation Program. During the current year, the Sheriff received \$6,625 and expended \$6,616.

The Sheriff has an ongoing Community Oriented Policing Services Grant (COPS) (#95CFX0068-\$112,314). At January 1, 2001, the balance was \$1,598. During the current year, The Sheriff received \$9,866 in receipts and expended \$9,539, leaving a balance of \$1,925 as of December 31, 2001.

Note Payable:

During 2000, the Sheriff borrowed \$7,500 from the County in order to start paying security officers' salaries prior to receiving any funds for Courthouse Security from the State. The balance owed to the County as of December 31, 2001 was \$2,500.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	9



Kapp & Company, PLLC
Certified Public Accountants &
Business Advisors

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Greg Pruitt, Hickman County Judge/Executive
Honorable J.W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Hickman County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Greg Pruitt, Hickman County Judge/Executive
Honorable J. W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kapp & Company, PLLC".

Kapp & Company, PLLC

Audit fieldwork completed -
June 19, 2002

HICKMAN COUNTY
J.W. MORAN, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Federal Grants (Note 5C)	\$	8,982
State Grants (Note 5B)		6,625
State Fees For Services:		
Finance and Administration Cabinet	\$	4,269
Courthouse Security (Note 5A)		49,485
Conveying convicts		1,251
		55,005
Circuit Court Clerk:		
Sheriff Security Service	\$	2,934
Fines and Fees Collected		889
		3,823
Fiscal Court		59,703
County Clerk - Delinquent Taxes		262
Commission On Taxes Collected		50,132
Fees Collected For Services:		
Auto Inspections	\$	1,995
Accident and Police Reports		132
Serving Papers		5,020
Advertising Fees		8,709
Conveying Mental Patients		135
Carrying Concealed Deadly Weapons		1,140
		17,131
Other		
Reimbursements		128
Interest Earned		934
Borrowed Money:		
State Advancement		16,000
Total Receipts	\$	218,725

HICKMAN COUNTY
 J. W. MORAN, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

Disbursements

Operating Disbursements :

Personnel Services-

Deputies' Salaries	\$	14,655
Community Oriented Policing Services		8,862
Other Salaries		20,040
Kentucky Law Enforcement Foundation		6,616
Courthouse Security		33,898

Employee Benefits-

Employer's Share Social Security		10,312
Employer's Share Retirement		6,860

Contracted Services-

Advertising		653
Vehicle Maintenance and Repairs		691

Materials and Supplies-

Office Materials and Supplies		1,920
Uniforms		876

Auto Expense-

Mileage		16,627
---------	--	--------

Other Charges-

Radio Expenses		321
Dues		300
Postage		1,468
Telephone		4,166
Carried Concealed Deadly Weapon Permit		560
Miscellaneous		171

Debt Service:

State Advancement		16,000
Fiscal Court Loan		5,000

Total Disbursements		\$	149,996
---------------------	--	----	---------

HICKMAN COUNTY
J. W. MORAN, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2001
(Continued)

Total Disbursements (Carried forward)		\$	149,996
Net Receipts		\$	68,729
Less: Statutory Maximum	\$	56,927	
Sheriff's Training Incentive		1,393	
Reserved for Courthouse Security (Note 5A)		8,484	
Reserved for Community Oriented Policing Services (Note 5C)		1,925	68,729
Balance Due at Completion of Audit		\$	0

The accompanying notes are an integral part of the financial statement.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and 6.41 for the last six months of the year.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Note Payable

The Office of the Hickman County Sheriff is liable for an unsecured non-interest bearing note payable to the Hickman County Fiscal Court in the amount of \$2,500. The purpose of the note was to allow the Sheriff to start paying salaries for the Annex security officers prior to receiving any funds from the State (see Note 5a). The terms of the payable are open. The Office of the Hickman County Sheriff is in compliance with the terms of the agreement as of December 31, 2001.

Note 5. Grants

The Hickman County Sheriff's office has two state grants and one federal grant.

- A. A Courthouse Securities Salaries Grant was established during the year 2000. This grant provided to the Sheriff to hire security officers for the Annex building. During the current year, the Sheriff received \$45,120 in State funds and expended \$41,941, leaving a balance of \$655 in cash and \$7,829 in receivables as of December 31, 2001. This balance is restricted for the named purpose and is not available for excess fees paid to the County. Also during the current year the Sheriff paid the Hickman County Fiscal Court \$5,000 of the \$7,500 that was borrowed from them in the previous year (See Note 4).

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

Note 5. Grants (Continued)

- B. The Kentucky Law Enforcement Program Foundation Fund provides incentive training pay to qualifying deputies. During the current year, the Sheriff received \$6,625 in State funds and expended \$6,616.
- C. The Community Oriented Policing Services Grant (COPS) provides funding for salaries and benefits for the Sheriff deputies. The Hickman County Sheriff's Office was awarded a COPS #95-CF-WX-0068 grant in December 1997 and ends in May 2002 for an amount of \$156,913. On April 17, 2001 the grant award was reduced to \$112,314 for the same number of years. The Sheriff has expended \$61,672 on this grant in prior years. During the current year, the Sheriff expended \$9,539 on the grant leaving an award balance of \$41,103 as of December 31, 2001.

At January 1, 2001 the beginning balance on this account was \$1,598. During the current year receipts of \$7,384 were received from the Department of Treasury, \$2,460 from local funds as required for matching and interest earned for the period was \$22. The Sheriff expended a total of \$9,539 from this account during the current year leaving a balance of \$1,925 at December 31, 2001. This balance is restricted for the named purpose and is not available for excess fees paid to the county.

Note 6. Drug Fund

During 2001, the Sheriff maintained a Drug Fund for the purpose of drug eradication and drug education. The balance at January 1, 2001 was \$3,921. Court ordered forfeitures from drug dealers were received in the amount of \$7,250. There were no disbursements during the year. The balance at December 31, 2001 was \$11,171.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Kapp & Company, PLLC
Certified Public Accountants &
Business Advisors

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Greg Pruitt, Hickman County Judge/Executive
Honorable J.W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the Hickman County Sheriff for the year ended December 31, 2001 and have issued our report thereon dated June 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hickman County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hickman County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kapp & Company, PLLC".

Kapp & Company, PLLC

Audit fieldwork completed -
June 19, 2002

